



# WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM CS  
Finance DW  
DA [Signature]  
Risk Mgt. [Signature]  
HR N/A  
Other N/A

## STAFF REPORT

BOARD MEETING DATE: March 24, 2015

**DATE:** February 27, 2015  
**TO:** Board of County Commissioners  
**FROM:** Trevor Lloyd, Senior Planner,  
Community Services Department, 328-3620, [tlloyd@washoecounty.us](mailto:tlloyd@washoecounty.us)  
Vahid Behmaram, Water Management Planner Coordinator, 1-3  
Community Services Dept., 954-4647, [vbehmaram@washoecounty.us](mailto:vbehmaram@washoecounty.us),  
**THROUGH:** Dave Solaro, Arch., P.E., Director  
Community Services Department, 328-2040, [dsolaro@washoecounty.us](mailto:dsolaro@washoecounty.us)  
**SUBJECT:** Approve a Water Rights Deed with Assignment of Beneficial Interest to convey 125.00 acre feet of water rights held by Washoe County to the Reno Technology Water Park Company; and, approve a Water Rights Deed and Termination Agreement to reconvey the remaining 1000.60 acre feet of water rights held by Washoe County to Stonefield, Inc. (Commission District 4).

### SUMMARY

Washoe County is holding title to 1,125.60 acre feet of permitted water rights under a Water Rights Banking Agreement with Stonefield Inc., a Nevada Corporation. Stonefield and Washoe County desire to return the water rights and terminate the Water Banking Agreement. Of the 1,125.60 acre feet of water rights, 125 acre feet of water rights were pledged to the Reno Technology Park project and need to be conveyed to the Reno Technology Park Water Company which will provide water service to the Apple Data Center. The remainder of the water rights will be re-conveyed to Stonefield, Inc., under the Water Rights Deed and Termination Agreement.

Washoe County Strategic Objective supported by this item: Economic development and diversification.

### PREVIOUS ACTION

The Board of County Commissioners approved an "Agreement" with Stonefield Inc., which was executed by the Board Chair and recorded on May 22, 2008. This agreement is essentially a water banking agreement whereby the County acknowledges receipt of 1,125.6 acre feet of permitted water rights and agrees to hold them for the benefit of Stonefield Inc. This agreement was executed in anticipation of future commercial and industrial developments within the Reno Technology Park, east of Sparks and in compliance with Article 422 of the Washoe County Development Code.

AGENDA ITEM # 6B2

## **BACKGROUND**

Stonefield Inc. owns several hundred acres of land east of Sparks and North of Interstate Highway 80 commonly referred to as the Reno Technology Park. Commercial and Industrial development within this area would be subject to Article 422 of Washoe County Development Code. Banking of these water rights in 2008 was in anticipation of compliance with the County code. At the time the agreement was signed, the Stonefield property was vacant and located within the Truckee Meadows Service Area (TMSA) of the Truckee Meadows Regional Plan. The property has since been removed from the TMSA. Furthermore, proposed amendments to County Code will exempt projects such as the Reno Technology Park from provisions of Article 422.

In 2012, Stonefield Inc. sold land to Unique Infrastructure Group (UIG) and as a part of that sale, assigned its beneficial interest in 125 acre feet of water rights to UIG. UIG obtained special use permits and developed the land as the Reno Technology Park and Sparks Energy Park and constructed what is now known as the Apple Data Center. To obtain approval for the building permit for the Apple Data Center, the beneficial interest in 125 acre feet of water rights from the Stonefield account was transferred by UIG to Apple Inc., who has pledged it to the water company to serve its data center.

Reno Technology Park Water Company is a non-profit corporation approved by the Nevada Public Utilities Commission. Apple Inc. has asked the County to transfer legal title to the 125 acre feet of water rights allocated to its data center to the water company in order to receive water service to their data center. The remainder of the banked water rights will be re-conveyed to Stonefield, Inc. and the 2008 water banking Agreement will be terminated.

## **FISCAL IMPACT**

There is no fiscal impact.

## **RECOMMENDATION**

It is recommended that the Board of County Commissioners approve a Water Rights Deed with Assignment of Beneficial Interest to convey 125.00 acre feet of water rights held by Washoe County to the Reno Technology Water Park Company; and approve a Water Rights Deed and Termination Agreement to reconvey the remaining 1000.60 acre feet of water rights held by Washoe County to Stonefield, Inc.

## **POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be: "Move to approve a Water Rights Deed with Assignment of Beneficial Interest to convey 125.00 acre feet of water rights held by Washoe County to the Reno Technology Water Park Company; and approve a Water Rights Deed and Termination Agreement to reconvey the remaining 1000.60 acre feet of water rights held by Washoe County to Stonefield, Inc."

APN: N/A (Water Rights)

**WHEN RECORDED, MAIL TO:**

**Reno Technology Park Water Company**  
180 Country Estates Circle  
Reno, NV 89511

Notice: Per NRS 239B.030, this document does not contain personal information as defined in NRS 603A.040.

(Rev. 2/3/2015 #3)

**WATER RIGHTS DEED**  
**WITH ASSIGNMENT OF BENEFICIAL INTEREST**

**I.**  
**Recitals.**

**WHEREAS:**

A. WASHOE COUNTY, a political subdivision of the State of Nevada (“**County**”), received fee title to a certain 1,125.60 acre feet of permitted ground water rights via collective grants and conveyances from (i) TRI General Improvement District (Deed recorded as Document No. 3653028, Official Records, Washoe County, Nevada) on behalf and for the benefit of STONEFIELD, INC., a Nevada corporation (“**Stonefield**”), (ii) Patrick Properties LLC (Deed recorded as Document No. 3653031, Official Records, Washoe County, Nevada) on behalf and for the benefit of Stonefield, (iii) TRI Water & Sewer Co (Deed recorded as Document No. 3653030, Official Records, Washoe County, Nevada) on behalf and for the benefit of Stonefield, and (iv) Stonefield (Deed recorded as Document No. 3653029, Official Records, Washoe County, Nevada);

B. Stonefield and County entered into a certain water banking agreement with respect to such conveyed water rights, which agreement was recorded as Document 3653032, on May 22, 2008, Official Records, Washoe County, Nevada (the “**Stonefield Banking Agreement**”). The Stonefield Banking Agreement reserved to Stonefield an assignable beneficial interest to receive such water rights back from the County to the extent they have not been committed to back up a project “will serve” letter from the County.

C. In connection with the development of a project known as the Reno Technology Park east of Sparks, Nevada, Stonefield assigned a beneficial interest to 125 acre feet of water rights (from permits # 75838 and 75841 and more particularly described in **Exhibit “A”** hereto) to UNIQUE

INFRASTRUCTURE GROUP LLC, a Nevada limited liability company (“**UIG**”), under an “Assignment of Beneficial Interest In Water Rights Held by Washoe County” dated on or about October 22, 2012, which was acknowledged and agreed to by County; and UIG simultaneously assigned the same beneficial interest in 125 acre feet of water rights to APPLE INC. under an “Assignment of Beneficial Interest In Water Rights Held by Washoe County” dated on or about October 22, 2012, which was acknowledged and agreed to by County (collectively, the “**Apple Assignments**”);

D. **RENO TECHNOLOGY PARK WATER COMPANY**, a Nevada non-profit corporation (“**RTP Water Co.**”) was formed to provide water service to the Reno Technology Park, and the parties desire for County to transfer its legal title to the 125 acre feet of water rights described in **Exhibit “A”** attached hereto to RTP Water Co.; and in order to provide a merger of such conveyed legal title with the beneficial interest of APPLE INC. under the Apple Assignments, APPLE INC. desires to transfer all its beneficial interest in such water rights to RTP Water Co., and RTP Water Co. intends to use the 125 acre feet of water rights described in Exhibit “A” to provide water service to APPLE INC.

NOW THEREFORE, the parties convey and agree as follows:

## **II Water Rights Deed**

2.1 FOR A VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, County does hereby ASSIGN, CONVEY AND QUITCLAIM to RTP Water Co. (whose address is: 180 Country Estates Circle, Reno, Nevada 89511), all of County’s rights, title and interest in and to those certain waters and water rights under the permits as described in **Exhibit “A”** attached hereto and incorporated herein by this reference (the “Water Rights Interests”).

2.2 TOGETHER with the tenements, hereditaments and appurtenances, including easements, if any, thereto belonging or appertaining, and any reversions, remainders, rents, issues or profits thereof.

2.3 SUBJECT TO, HOWEVER, the Apple Assignments and any liens, conveyances and assignments granted or suffered by any prior owners of the Water Rights Interests or anyone with a beneficial interest in the Water Rights Interests; provided, however, that County warrants and represents that it has not conveyed or granted any prior conveyances or liens against its legal title, and is aware only of the conveyance of a beneficial interest to APPLE INC. as described above.

2.4 RTP Water Co. hereby accepts County’s conveyance of the Water Rights Interests, and agrees to prepare a report of conveyance and other documents required by the State Engineer in connection with such conveyance. If any recording fees or real property transfer taxes are

required for recording of this document, then RTP Water Co. agrees to pay them.

**III**  
**Assignment of Beneficial Interests**  
**(Apple Inc.)**

**3.1 APPLE INC., a California corporation, warrants, represents, agrees and conveys as follows:**

a. APPLE INC. still holds and has not conveyed, agreed to convey, or allowed or suffered any liens, transfers or conveyances upon or in the beneficial interest in the 125 acre feet of water rights assigned to it from UIG pursuant to the Apple Assignments.

b. APPLE INC. hereby quitclaims, assigns and conveys to RTP Water Co. all of APPLE INC.'s rights, title and interest in the beneficial interest held under the Apple Assignments, with the intent that the interest conveyed hereby merges in all respects with the legal fee title in the Water Rights Interest conveyed above by County to RTP Water Co.

**3.2 RTP Water Co. accepts APPLE INC.'s conveyance of its rights under the Apple Assignments in satisfaction of the Transfer Condition Requirement under the bylaws of RTP Water Co.**

**IV**  
**General Terms**

**4.1 Documents/ actions of further assurance.** All parties agree to take all actions and execute all documents reasonably needed to accomplish the purposes hereof, including, but not limited to, any reports of conveyance (to be prepared by RTP Water Co.) or other documents required by the State Engineer.

**4.2 Counterparts/ recording.** This Water Rights Deed With Assignment of Beneficial Interest may be executed in counterparts and shall be recorded when the original of all counterpart signature pages are assembled together.

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Water Rights Deed with Assignment of Beneficial Interest

Counterpart Signature Page

APPLE INC., a California corporation

By \_\_\_\_\_ Date \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 )ss. Acknowledgment in Representative Capacity  
COUNTY OF \_\_\_\_\_ ) (NRS 240.1665)

This Instrument was acknowledged before me on \_\_\_\_\_  
by \_\_\_\_\_  
as \_\_\_\_\_  
of APPLE INC., a California corporation.

\_\_\_\_\_  
Notary Public

Water Rights Deed with Assignment of Beneficial Interest

Counterpart Signature Page

**RTP Water Co.:**

RENO TECHNOLOGY PARK WATER COMPANY, a Nevada non-profit corporation

By \_\_\_\_\_ Date \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

STATE OF NEVADA        )  
                                  )ss. Acknowledgment in Representative Capacity  
COUNTY OF WASHOE    )                   (NRS 240.1665)

This Instrument was acknowledged before me on \_\_\_\_\_  
by \_\_\_\_\_  
as \_\_\_\_\_  
of RENO TECHNOLOGY PARK WATER COMPANY, a Nevada non-profit corporation.

\_\_\_\_\_  
Notary Public

**EXHIBIT "A"**

**Description of Water Rights Interests**

Portions of those waters and water rights under the following permits issued by and on file with the office of the State Engineer of the State of Nevada, Nevada Division of Water Resources:

<b><u>Permit Numbers:</u></b>	<b>Duty (Ac.FT.)</b>
75838	(formerly 67363) portion being 125.00 ac.ft. Total Combined Duty with 75841
75841	(formerly 66635) portion being 125.00 ac.ft. Total Combined Duty with 75838

\* \* \*

APN: N/A (Water Rights)

**WHEN RECORDED, MAIL TO:**

**Stonefield, Inc.**  
355 Boxinton Way, Suite B  
Sparks, NV 89434

Notice: Per NRS 239B.030, this document does not contain personal information as defined in NRS 603A.040.

(Rev. 2/3/2015 #3)

**WATER RIGHTS DEED AND TERMINATION AGREEMENT**

THIS INDENTURE AND AGREEMENT is by and between:

**“County”** Washoe County, a political subdivision of the State of Nevada  
P.O. Box 11130  
Reno, NV 89520  
Community Services Department (Dave Solaro)

**“Stonefield”** Stonefield, Inc., a Nevada corporation  
355 Boxinton Way, Suite B  
Sparks, NV 89434

**I.  
Recitals.**

WHEREAS:

A. County received fee title to 1,125.60 acre feet of permitted ground water rights via collective grants and conveyances from (i) TRI General Improvement District (Deed recorded as Document No. 3653028, Official Records, Washoe County, Nevada) on behalf and for the benefit of Stonefield, (ii) Patrick Properties LLC (Deed recorded as Document No. 3653031, Official Records, Washoe County, Nevada) on behalf and for the benefit of Stonefield, (iii) TRI Water & Sewer Co (Deed recorded as Document No. 3653030, Official Records, Washoe County, Nevada) on behalf and for the benefit of Stonefield and (iv) Stonefield (Deed recorded as Document No. 3653029, Official Records, Washoe County, Nevada);

B. Stonefield and County entered into a certain water banking agreement with respect to such conveyed water rights, which agreement was recorded as Document 3653032, on May 22,

2008, Official Records of Washoe County (the “**Stonefield Banking Agreement**”). The Stonefield Banking Agreement reserved to Stonefield an assignable beneficial interest to receive such water rights back from the County to the extent they have not been committed to back up a project “will serve” letter from the County.

C. In connection with the development of a project known as the Reno Technology Park east of Sparks, Nevada, Stonefield assigned a beneficial interest to 125 acre feet (from permits # 75838 and 75841) of water rights to UNIQUE INFRASTRUCTURE GROUP LLC, a Nevada limited liability company (“**UIG**”), under an “Assignment of Beneficial Interest In Water Rights Held by Washoe County” dated on or about October 22, 2012, which was acknowledged and agreed to by County; and UIG simultaneously assigned the same beneficial interest in 125 acre feet of water rights to APPLE INC. under an “Assignment of Beneficial Interest In Water Rights Held by Washoe County” dated on or about October 22, 2012, which was acknowledged and agreed to by County (collectively, the “**Apple Assignments**”). Contemporaneously with County’s execution and delivery of this deed, County is transferring legal title to those 125 acre feet of water rights to the Reno Technology Park Water Company.

D. County and Stonefield desire to reconvey to Stonefield legal title of all water rights remaining to be held by County under the Stonefield Banking Agreement, subject to the below terms and provisions of this Water Rights Deed and Termination Agreement, and terminate the Agreement.

NOW THEREFORE, the parties convey and agree as follows:

## **II Water Rights Deed**

2.1 FOR A VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, County does hereby ASSIGN, CONVEY AND QUITCLAIM to Stonefield, all of County’s rights, title and interest in and to those certain waters and water rights and all rights under the permits described in **Exhibit “A”** attached hereto and incorporated herein by this reference (the “Water Rights Interests”).

2.2 TOGETHER with the tenements, hereditaments and appurtenances, including easements, if any, thereto belonging or appertaining, and any reversions, remainders, rents, issues or profits thereof.

2.3 SUBJECT TO, HOWEVER, the Apple Assignments, the rights and interest under which shall not merge with or otherwise be affected by the conveyance pursuant to Section 2.1 above, and subject to and further excepting from such conveyance any liens, conveyances and assignments granted or suffered by any prior owners of said water rights or anyone with a beneficial interest in said water rights; provided, however, that County warrants and represents that it has not conveyed or granted any prior conveyances or liens against its legal title, and is

aware only of the conveyance of a beneficial interest to APPLE INC. pursuant to the Apple Assignments.

2.4 Stonefield hereby accepts the Water Rights Interests conveyed by this deed and agrees to prepare a report of conveyance and other documents as required by the State Engineer in connection with such conveyance. If any recording fees or real property transfer taxes are required for recording of this document, then Stonefield agrees to pay them.

**III**

**Termination of Stonefield Banking Agreement.**

3.1 Stonefield and County hereby agree that effective upon the recordation of this instrument in Official Records, Washoe County, Nevada, the Stonefield Banking Agreement is and shall be deemed terminated in all respects, and that all obligations of all parties thereto have either been performed or are hereby discharged in full. Stonefield and County further agree that with the termination of the Stonefield Banking Agreement, Stonefield is obligated to and shall respect and honor the Apple Assignments and agrees to hold County harmless from any obligation to execute any documents or take any actions to preserve or enforce such assignments, and agrees to indemnify and defend County from any liability inuring to the holders of any beneficial interests, subject to the operation and effect of County's representations and warranties set forth in Section 2.3 above, the specific matters covered by such representations and warranties being excluded from Stonefield's obligations to indemnify, defend and hold County harmless pursuant to this Section 3.1..

**IV**

**General Terms**

4.1 **Documents/ actions of further assurance.** Stonefield and County each agrees to take all actions and execute all documents reasonably needed to accomplish the purposes hereof, including, but not limited to, any reports of conveyance (to be prepared and filed by Stonefield) or other documents required by the State Engineer.

4.2 **Counterparts/ recording.** This Water Rights Deed and Termination Agreement may be executed in counterparts and shall be recorded when the original of all counterpart signature pages are assembled together.

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Water Rights Deed and Termination Agreement

Counterpart Signature Page

County:

WASHOE COUNTY, Nevada, a political subdivision of the State of Nevada

By: \_\_\_\_\_

Marsha Berkgigler, Chair  
Washoe County Commission

Date \_\_\_\_\_

Attest:

\_\_\_\_\_  
Nancy Parent, County Clerk

Date \_\_\_\_\_

STATE OF NEVADA )

)ss. Acknowledgment in Representative Capacity

COUNTY OF WASHOE )

(NRS 240.1665)

This Instrument was acknowledged before me on \_\_\_\_\_  
by MARSHA BERKBIGLER, as Chair of the Board of County Commissioners of Washoe  
County, Nevada.

\_\_\_\_\_  
Notary Public

Water Rights Deed and Termination Agreement

Counterpart Signature Page

**STONEFIELD**  
Stonefield, Inc., a Nevada corporation

By \_\_\_\_\_  
Gary Nelson, Vice President

Date \_\_\_\_\_

STATE OF NEVADA        )  
                                  )ss. Acknowledgment in Representative Capacity  
COUNTY OF WASHOE    )                   (NRS 240.1665)

This Instrument was acknowledged before me on \_\_\_\_\_  
by GARY NELSON as Vice President of Stonefield Inc, a Nevada corporation.

\_\_\_\_\_  
Notary Public

**EXHIBIT "A"**

**Description of Water Rights Interests**

All of those waters and water rights under the following permits issued by and on file with the office of the State Engineer of the State of Nevada, Nevada Division of Water Resources:

<b><u>Permit Numbers:</u></b>	<b>Duty (Ac.FT.)</b>
54393	All
54394	All
75838 (formerly 67363)	Portion being 160.60 ac.ft. Total Combined Duty with 75841
75839 (formerly 66534)	All
75840 (formerly 66533)	All
75841 (formerly 66635)	Portion Being 160.60 ac.ft. Total Combined Duty with 75838

\* \* \*

Description Approved:

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Vahid Behmaram, Water Management Planner Coordinator